

OFFICE OF CONGRESSIONAL AFFAIRS

Routing Slip

	ACTION	INFO
1. D/OCA		X
2. DD/Legislation	X	
3. DD/Senate Affairs		X
4. Ch/Senate Affairs		
5. DD/House Affairs		X
6. Ch/House Affairs		
7. Admin Officer		
8. Executive Officer		
9. FOIA Officer		
10. Constituent Inquiries Officer		
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SUSPENSE

28 Apr 88
~~5 MAY 1988~~

Date

At 3:00 P.M.

Action Officer:

Remarks:

*Action completed per teletype
w/ Sen. Frank 5 May 88 - MFR to OCA 22.1430
dated 5 May 88*

4/28/88

Name/Date



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

April 27, 1988

LEGISLATIVE REFERRAL MEMORANDUM

URGENT

OGA FILE

TO: Legislative Liaison Officer -

Department of Justice (Perkins 633-2113)	17
Department of the Treasury (Carro 566-8523)	28
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United States Trade Representative (Parker 3432)	23
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National Security Council	

CIA -

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SUBJECT: State Draft Statement of Administration Position on
H.R. 3651, "Defense Industrial Base Preservation Act of
1988" as reported.

NOTE: Also attached is a copy of H.R. 3651, as reported.

The Office of Management and Budget requests the views of your agency on the above subject before advising on its relationship to the program of the President, in accordance with OMB Circular A-19.

A response to this request for your views is needed no later than
3:00 P.M., THURSDAY, APRIL 28, 1988.

Questions should be referred to **Annette Rooney/Sue Thau**
(395-7300), the legislative analyst in this.

Ronald K. Peterson

RONALD K. PETERSON FOR
Assistant Director for
Legislative Reference

Enclosures

cc: J. Eisenhower D. Tice (rm 393)
K. Scheid J. Jukes
J. McClelland D. Fossum
T. Chavez

URGENT



United States Department of State

Washington, D.C. 20520

APR 27 1968

Dear Mr. Miller:

In response to Mr. Peterson's request, I am forwarding for interagency clearance the enclosed draft Administration position on H.R. 3651, as reported by the House Foreign Affairs Committee.

We understand that the Committee is considering additional modifications to the bill, some of which may meet the concerns expressed in our draft position paper. We will inform you of any such changes.

Sincerely,

A handwritten signature in cursive script that reads "J. Edward Fox".

J. Edward Fox
Assistant Secretary
Legislative Affairs

Enclosure

The Honorable
James C. Miller, III, Director,
Office of Management and Budget.

H.R. 3651 - Antiterrorism and Arms Export Amendments Act of 1988

Administration Position

The Administration has no objection to the enactment of H.R. 3651, as reported by the House Foreign Affairs Committee, if the following changes are made:

--The new section 40(a)(5) of the Arms Export Control Act, which prohibits the U.S. Government from "Otherwise facilitating the acquisition of any munitions item by a [terrorist] country", could be construed as restricting the President's constitutional authority to conduct the foreign relations of the United States. This subsection should be amended to make clear that it is not intended nor would it infringe on such constitutional authorities.

--Section 40(b)(2) provides for mandatory liability of parent persons or corporations over "controlled in fact" foreign subsidiaries. This mandates the exercise of "extraterritorial" jurisdiction, which (as elsewhere in the proposed legislation) is a matter properly left to the discretion of the Executive Branch in light of its sensitive implications for relations with close allies and friends.

--Section 40(i) prohibits the use of the authority in Section 614 (a) of the Foreign Assistance Act to waive the requirements of Section 40. The right to exercise the Section 614 authority must be preserved to provide sufficient flexibility to meet vital or important U.S. national security interests.

--The new section 620A(d)(1) of the Foreign Assistance Act permits the President to waive the prohibitions on certain assistance programs contained in this section if the President determines that national security or humanitarian reasons justify such a waiver. This subsection states, however, that humanitarian reasons may not be used to justify assistance to be provided by the Export-Import Bank. The Export-Import Bank should be placed on the same basis as other non-military assistance programs because it often finances projects that meet humanitarian objectives, e.g., hospitals.

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[April 18, 1988]

AMENDMENT-IN-THE-NATURE-OF-A-SUBSTITUTE TO H.R. 3651

Offered by Mr. Berman (for himself and Mr. Hyde)

Strike out all after the enacting clause and insert in lieu thereof the following:

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the ``Antiterrorism and Arms
3 Export Amendments Act of 1988``.

4 **SEC. 2. PROHIBITION ON ARMS TRANSACTIONS WITH COUNTRIES**
5 **SUPPORTING TERRORISM.**

6 (a) PROHIBITION.--Section 40 of the Arms Export Control
7 Act (22 U.S.C. 2780) is amended to read as follows:

8 **``SEC. 40. TRANSACTIONS WITH COUNTRIES SUPPORTING ACTS OF**
9 **INTERNATIONAL TERRORISM.**

10 ``(a) PROHIBITED TRANSACTIONS BY THE UNITED STATES
11 GOVERNMENT.--The following transactions by the United States
12 Government are prohibited:

13 ``(1) Exporting or otherwise providing (by sale,
14 lease or loan, grant, or other means), directly or
15 indirectly, any munitions item to a country described in
16 subsection (d) under the authority of this Act, the
17 Foreign Assistance Act of 1961, or any other law (except
18 as provided in subsection (h)). In implementing this
19 paragraph, the United States Government--

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1 “(A) shall suspend delivery to such country of
2 any such item pursuant to any such transaction which
3 has not been completed at the time the Secretary of
4 State makes the determination described in subsection
5 (d), and

6 “(B) shall terminate any lease or loan to such
7 country of any such item which is in effect at the
8 time the Secretary of State made that determination.

9 “(2) Providing credits, guarantees, or other
10 financial assistance under the authority of this Act, the
11 Foreign Assistance Act of 1961, or any other law (except
12 as provided in subsection (h)), with respect to the
13 acquisition of any munitions item by a country described
14 in subsection (d). In implementing this paragraph, the
15 United States Government shall suspend expenditures
16 pursuant to any such assistance obligated before the
17 Secretary of State made the determination described in
18 subsection (d). The President may authorize expenditures
19 otherwise required to be suspended pursuant to the
20 preceding sentence if the President has determined, and
21 reported to the Congress, that suspension of those
22 expenditures causes undue financial hardship to a
23 supplier, shipper, or similar person and allowing the
24 expenditure will not result in any munitions item being
25 made available for use by such country.

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1 “(3) Consenting under section 3(a) of this Act,
2 under section 505(a) of the Foreign Assistance Act of
3 1961, under the regulations issued to carry out section
4 38 of this Act, or under any other law (except as
5 provided in subsection (h)), to any transfer of any
6 munitions item to a country described in subsection (d).
7 In implementing this paragraph, the United States
8 Government shall withdraw any such consent which is in
9 effect at the time the Secretary of State makes the
10 determination described in subsection (d), except that
11 this sentence does not apply with respect to any item
12 that has already been transferred to such country.

13 “(4) Providing any license or other approval under
14 section 38 of this Act for any export or other transfer
15 (including by means of a technical assistance agreement,
16 manufacturing licensing agreement, or coproduction
17 agreement) of any munitions item to a country described
18 in subsection (d). In implementing this paragraph, the
19 United States Government shall suspend any such license
20 or other approval which is in effect at the time the
21 Secretary of State makes the determination described in
22 subsection (d), except that this sentence does not apply
23 with respect to any item that has already been exported
24 or otherwise transferred to such country.

25 “(5) Otherwise facilitating the acquisition of any

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1 munitions item by a country described in subsection (d).

2 This paragraph applies with respect to activities

3 undertaken--

4 “(A) by any department, agency, or other
5 instrumentality of the Government,

6 “(B) by any officer or employee of the
7 Government (including members of the United States
8 Armed Forces), or

9 “(C) by any other person at the request or on
10 behalf of the Government.

11 The Secretary of State may waive the requirements of the
12 second sentence of paragraph (1), the second sentence of
13 paragraph (3), and the second sentence of paragraph (4) to
14 the extent that the Secretary determines, after consultation
15 with the Congress, that unusual and compelling circumstances
16 require that the United States Government not take the
17 actions specified in that sentence.

18 “(b) PROHIBITED TRANSACTIONS BY UNITED STATES PERSONS.--

19 “(1) IN GENERAL.--A United States person may not
20 take any of the following actions:

21 “(A) Exporting any munitions item to any
22 country described in subsection (d).

23 “(B) Selling, leasing, loaning, granting, or
24 otherwise providing any munitions item to any
25 country described in subsection (d).

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1 “(C) Selling, leasing, loaning, granting, or
2 otherwise providing any munitions item to any
3 recipient which is not the government of or a
4 person in a country described in subsection (d)
5 if the United States person has reason to know
6 that the munitions item will be made available to
7 any country described in subsection (d).

8 “(D) Taking any other action which would
9 facilitate the acquisition, directly or
10 indirectly, of any munitions item by the
11 government of any country described in subsection
12 (d), or any person acting on behalf of that
13 government, if the United States person has
14 reason to know that that action will facilitate
15 the acquisition of that item by such a government
16 or person.

17 “(2) LIABILITY FOR ACTIONS OF FOREIGN SUBSIDIARIES,
18 ETC.--A United States person violates this subsection if
19 a corporation or other person that is controlled in fact
20 by that United States person (as determined under
21 regulations, which the President shall issue) takes an
22 action described in paragraph (1) outside the United
23 States.

24 “(3) APPLICABILITY TO ACTIONS OUTSIDE THE UNITED
25 STATES.--Paragraph (1) applies with respect to actions

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1 described in that paragraph which are taken either within
2 or outside the United States by a United States person
3 described in subsection (1)(3)(A) or (B). To the extent
4 provided in regulations issued under subsection
5 (1)(3)(D), paragraph (1) applies with respect to actions
6 described in that paragraph which are taken outside the
7 United States by a person designated as a United States
8 person in those regulations.

9 `` (c) TRANSFERS TO GOVERNMENTS AND PERSONS COVERED.--This
10 section applies with respect to--

11 `` (1) the acquisition of munitions items by the
12 government of a country described in subsection (d); and

13 `` (2) the acquisition of munitions items by any
14 individual, group, or other person within a country
15 described in subsection (d), except to the extent that
16 subparagraph (D) of subsection (b)(1) provides otherwise.

17 `` (d) COUNTRIES COVERED BY PROHIBITION.--The prohibitions
18 contained in this section apply with respect to a country if
19 the Secretary of State determines that the government of that
20 country has repeatedly provided support for acts of
21 international terrorism, taking into account such factors as
22 whether that government grants sanctuary from prosecution or
23 apprehension to an individual or group which has committed an
24 act of international terrorism.

25 `` (e) PUBLICATION OF DETERMINATIONS.--Each determination

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1 of the Secretary of State under subsection (d) shall be
2 published in the Federal Register.

3 “(f) RESCISSION.--A determination made by the Secretary
4 of State under subsection (d) may not be rescinded unless the
5 President submits to the Speaker of the House of
6 Representatives and the chairman of the Committee on Foreign
7 Relations of the Senate--

8 “(1) before the proposed rescission would take
9 effect, a report certifying that--

10 “(A) there has been a fundamental change in
11 leadership and character of the government of the
12 country concerned;

13 “(B) that government is not supporting acts of
14 international terrorism; and

15 “(C) that government has provided assurances
16 that it will not support acts of international
17 terrorism in the future; or

18 “(2) at least 30 legislative days before the
19 proposed rescission would take effect, a report
20 justifying the rescission and certifying that--

21 “(A) the government concerned has not provided
22 any support for international terrorism during the
23 preceding 6-month period; and

24 “(B) the government concerned has provided
25 assurances that it will not support acts of

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1 international terrorism in the future.

2 As used in paragraph (2), the term 'legislative day' means a
3 day on which both Houses of Congress are in session.

4 `` (g) WAIVER.--The President may waive the prohibitions
5 contained in this section with respect to a specific
6 transaction if--

7 `` (1) the President determines that the transaction
8 is vital to the national security interests of the United
9 States; and

10 `` (2) not less than 15 days prior to the proposed
11 transaction, the President--

12 `` (A) consults with the Committee on Foreign
13 Affairs of the House of Representatives and the
14 Committee on Foreign Relations of the Senate; and

15 `` (B) submits to the Speaker of the House of
16 Representatives and the chairman of the Committee on
17 Foreign Relations of the Senate a report containing--

18 `` (i) the name of any country involved in the
19 proposed transaction, the identity of any
20 recipient of the items to be provided pursuant to
21 the proposed transaction, and the anticipated use
22 of those items;

23 `` (ii) a description of the munitions items
24 involved in the proposed transaction (including
25 their market value) and the actual sale price at

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1 each step in the transaction (or if the items are
2 transferred by other than sale, the manner in
3 which they will be provided);

4 ``(iii) the reasons why the proposed
5 transaction is vital to the national security
6 interests of the United States and the
7 justification for such proposed transaction;

8 ``(iv) the date on which the proposed
9 transaction is expected to occur; and

10 ``(v) the name of every United States
11 Government department, agency, or other entity
12 involved in the proposed transaction, every
13 foreign government involved in the proposed
14 transaction, and every private party with
15 significant participation in the proposed
16 transaction.

17 To the extent possible, the information specified in
18 subparagraph (B) of paragraph (2) shall be provided in
19 unclassified form, with any classified information provided
20 in an addendum to the report.

21 ``(h) EXEMPTION FOR TRANSACTIONS SUBJECT TO NATIONAL
22 SECURITY ACT REPORTING REQUIREMENTS.--The prohibitions
23 contained in this section do not apply with respect to any
24 transaction subject to reporting requirements under title V
25 of the National Security Act of 1947 (50 U.S.C. 413 et seq.;

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1 relating to congressional oversight of intelligence
2 activities).

3 “(i) RELATION TO OTHER LAWS.--The provisions of this
4 section shall apply notwithstanding section 614(a) of the
5 Foreign Assistance Act of 1961 (22 U.S.C. 2364(a)) or any
6 other provision of law.

7 “(j) CRIMINAL PENALTY.--Any person who willfully
8 violates this section shall be fined for each violation not
9 more than \$1,000,000, imprisoned not more than 10 years, or
10 both.

11 “(k) CIVIL PENALTIES; ENFORCEMENT.--In the enforcement
12 of this section, the President is authorized to exercise the
13 same powers concerning violations and enforcement which are
14 conferred upon departments, agencies, and officials by
15 sections 11(c), 11(e), 11(g), and 12(a) of the Export
16 Administration Act of 1979 (subject to the same terms and
17 conditions as are applicable to such powers under that Act),
18 except that, notwithstanding section 11(c) of that Act, the
19 civil penalty for each violation of this section may not
20 exceed \$500,000.

21 “(l) DEFINITIONS.--As used in this section--

22 “(1) the term ‘munitions item’ means any item
23 enumerated on the United States Munitions list (without
24 regard to whether the item is imported into or exported
25 from the United States);

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1 “(2) the term ‘United States’, when used
2 geographically, means the several States, the District of
3 Columbia, the Commonwealth of Puerto Rico, the
4 Commonwealth of the Northern Mariana Islands, and any
5 territory or possession of the United States; and

6 “(3) the term ‘United States person’ means--

7 “(A) any citizen or permanent resident alien of
8 the United States;

9 “(B) any sole proprietorship, partnership,
10 company, association, or corporation having its
11 principal place of business within the United States
12 or organized under the laws of the United States, any
13 State, the District of Columbia, the Commonwealth of
14 Puerto Rico, the Commonwealth of the Northern Mariana
15 Islands, or any territory or possession of the United
16 States;

17 “(C) any other person with respect to that
18 person’s actions while in the United States; and

19 “(D) to the extent provided in regulations
20 issued by the Secretary of State, any person that is
21 not described in subparagraph (A), (B), or (C) but--

22 “(i) is a foreign subsidiary or affiliate of
23 a United States person described in subparagraph
24 (B) and is controlled in fact by that United
25 States person (as determined in accordance with

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1 those regulations), or
2 “(ii) is otherwise subject to the
3 jurisdiction of the United States,
4 with respect to that person's actions while outside
5 the United States.”.

6 (b) CONFORMING AMENDMENT.--Section 3(f) of the Arms
7 Export Control Act (22 U.S.C. 2753(f)) is repealed.

8 SEC. 3. CONSIDERATIONS IN ISSUANCE OF ARMS EXPORT LICENSES
9 AND IN ARMS SALES.

10 (a) EXPORT LICENSES.--Section 38(a)(2) of the Arms Export
11 Control Act (22 U.S.C. 2778) is amended by inserting
12 “support international terrorism,” after “arms race,”.

13 (b) ARMS SALES.--Section 36(b)(1)(D) of that Act (22
14 U.S.C. 2776(b)(1)(D)) is amended--

15 (1) by redesignating clauses (ii) through (iv) as
16 clauses (iii) through (v), respectively; and

17 (2) by inserting the following new clause (ii) after
18 clause (i):

19 “(ii) support international terrorism;”.

20 SEC. 4. EXPORTS TO COUNTRIES SUPPORTING TERRORISM.

21 Section 6(j) of the Export Administration Act of 1979 (50
22 U.S.C. App 2405(j)) is amended to read as follows:

23 “(j) COUNTRIES SUPPORTING INTERNATIONAL TERRORISM.--(1)

24 A validated license shall be required for the export of goods
25 or technology to a country if the Secretary of State has made

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1 the following determinations:

2 “(A) The government of such country has repeatedly
3 provided support for acts of international terrorism,
4 taking into account such factors as whether that
5 government grants sanctuary from prosecution or
6 apprehension to an individual or group which has
7 committed an act of international terrorism.

8 “(B) The export of such goods or technology could
9 make a significant contribution to the military potential
10 of such country, including its military logistics
11 capability, or could enhance the ability of such country
12 to support acts of international terrorism.

13 “(2) The Secretary and the Secretary of State shall
14 notify the Committee on Foreign Affairs of the House of
15 Representatives and the Committee on Banking, Housing, and
16 Urban Affairs and the Committee on Foreign Relations of the
17 Senate at least 30 days before issuing any validated license
18 required by paragraph (1).

19 “(3) Each determination of the Secretary of State under
20 paragraph (1)(A), including each determination in effect on
21 the date of the enactment of the Antiterrorism and Arms
22 Export Amendments Act of 1988, shall be published in the
23 Federal Register.

24 “(4) A determination made by the Secretary of State
25 under paragraph (1)(A) may not be rescinded unless the

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1 President submits to the Speaker of the House of
2 Representatives and the chairman of the Committee on Banking,
3 Housing, and Urban Affairs and the chairman of the Committee
4 on Foreign Relations of the Senate--

5 “(A) before the proposed rescission would take
6 effect, a report certifying that--

7 “(i) there has been a fundamental change in
8 leadership and character of the government of the
9 country concerned;

10 “(ii) that government is not supporting acts of
11 international terrorism; and

12 “(iii) that government has provided assurances
13 that it will not support acts of international
14 terrorism in the future; or

15 “(B) at least 30 legislative days before the
16 proposed rescission would take effect, a report
17 justifying the rescission and certifying that--

18 “(i) the government concerned has not provided
19 any support for international terrorism during the
20 preceding 6-month period; and

21 “(ii) the government concerned has provided
22 assurances that it will not support acts of
23 international terrorism in the future.

24 As used in subparagraph (B), the term ‘legislative day’ means
25 a day on which both Houses of Congress are in session.”.

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1 SEC. 5. PROHIBITION ON ASSISTANCE TO COUNTRIES SUPPORTING
2 INTERNATIONAL TERRORISM.

3 Section 620A of the Foreign Assistance Act of 1961 (22
4 U.S.C. 2371) is amended to read as follows:

5 ``SEC. 620A. PROHIBITION ON ASSISTANCE TO GOVERNMENTS
6 SUPPORTING INTERNATIONAL TERRORISM.

7 `` (a) PROHIBITION.--The United States shall not provide
8 any assistance under this Act, the Agricultural Trade
9 Development and Assistance Act of 1954, the Peace Corps Act,
10 or the Export-Import Bank Act to any country if the Secretary
11 of State determines that the government of that country has
12 repeatedly provided support for acts of international
13 terrorism, taking into account such factors as whether that
14 government grants sanctuary from prosecution or apprehension
15 to an individual or group which has committed an act of
16 international terrorism.

17 `` (b) PUBLICATION OF DETERMINATIONS.--Each determination
18 of the Secretary of State under subsection (a), including
19 each determination in effect on the date of the enactment of
20 the Antiterrorism and Arms Export Amendments Act of 1988,
21 shall be published in the Federal Register.

22 `` (c) RESCISSION.--A determination made by the Secretary
23 of State under subsection (a) may not be rescinded unless the
24 President submits to the Speaker of the House of
25 Representatives and the chairman of the Committee on Foreign

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1 Relations of the Senate--

2 “(1) before the proposed rescission would take
3 effect, a report certifying that--

4 “(A) there has been a fundamental change in
5 leadership and character of the government of the
6 country concerned;

7 “(B) that government is not supporting acts of
8 international terrorism; and

9 “(C) that government has provided assurances
10 that it will not support acts of international
11 terrorism in the future; or

12 “(2) at least 30 legislative days before the
13 proposed rescission would take effect, a report
14 justifying the rescission and certifying that--

15 “(A) the government concerned has not provided
16 any support for international terrorism during the
17 preceding 6-month period; and

18 “(B) the government concerned has provided
19 assurances that it will not support acts of
20 international terrorism in the future.

21 As used in paragraph (2), the term ‘legislative day’ means a
22 day on which both Houses of Congress are in session.

23 “(d) WAIVER.--Assistance prohibited by subsection (a)
24 may be provided to a country described in that subsection
25 if--

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1 “(1) the President determines that national security
2 interests or humanitarian reasons justify a waiver of
3 subsection (a), except that humanitarian reasons may not
4 be used to justify assistance under part II of this Act
5 (including chapter 4, chapter 6, and chapter 8), or the
6 Export-Import Bank Act; and

7 “(2) at least 15 days before the waiver takes
8 effect, the President consults with the Committee on
9 Foreign Affairs of the House of Representatives and the
10 Committee on Foreign Relations of the Senate regarding
11 the proposed waiver and submits a report to the Speaker
12 of the House of Representatives and the chairman of the
13 Committee on Foreign Relations of the Senate containing--

14 “(A) the name of the recipient country;

15 “(B) a description of the national security
16 interests or humanitarian reasons which require the
17 waiver;

18 “(C) the type and amount of and the
19 justification for the assistance to be provided
20 pursuant to the waiver; and

21 “(D) the period of time during which such waiver
22 will be effective.

23 The waiver authority granted in this subsection may not be
24 used to provide any assistance under the Foreign Assistance
25 Act of 1961 which is also prohibited by section 40 of the

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1 Arms Export Control Act.''.
2

3 SEC. 6. DESIGNATION OF ITEMS ON THE MUNITION LIST.

4 Section 38 of the Arms Export Control Act (22 U.S.C.
5 2278) is amended by adding at the end the following:

6 ''(h) The designation by the President (or by an official
7 to whom the President's functions under subsection (a) have
8 been duly delegated), in regulations issued under this
9 section, of items as defense articles or defense services for
10 purposes of this section shall be final and conclusive for
11 purposes of this section and section 40 and shall not be
12 subject to judicial review.''.
13

14 SEC. 7. QUARTERLY REPORTS ON THIRD COUNTRY TRANSFERS AND ON

15 DOD TRANSFERS TO OTHER AGENCIES.

16 (a) QUARTERLY REPORTS.--Section 36(a) of the Arms Export
17 Control Act (22 U.S.C. 2776(a)) is amended--

18 (1) by striking out ''and'' at the end of paragraph

19 (8);

20 (2) by striking out the period at the end of
21 paragraph (9) and inserting in lieu thereof a semicolon;

22 and

23 (3) by inserting after paragraph (9) the following:

24 ''(10) a listing of the consents to third-party
25 transfers of defense articles or defense services which
were granted, during the quarter for which such report is
submitted, for purposes of section 3(a)(2) of this Act,

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1 the regulations issued under section 38 of this Act, or
2 section 505(a)(1)(B) of the Foreign Assistance Act of
3 1961, if the value (in terms of original acquisition
4 cost) of the defense articles or defense services to be
5 transferred is \$1,000,000 or more; and

6 "(11) a listing of all munitions items (as defined
7 in section 40(1)(1)) which were sold, leased, or
8 otherwise transferred by the Department of Defense to any
9 other department, agency, or other entity of the United
10 States Government during the quarter for which such
11 report is submitted (including the name of the recipient
12 Government entity and a discussion of what that entity
13 will do with those munitions items) if--

14 "(A) the value of the munitions items was
15 \$250,000 or more; or

16 "(B) the value of all munitions items
17 transferred to that Government department, agency, or
18 other entity during that quarter was \$250,000 or
19 more;

20 excluding munitions items transferred (i) for disposition
21 or use solely within the United States, or (ii) for use
22 in connection with intelligence activities subject to
23 reporting requirements under title V of the National
24 Security Act of 1947 (50 U.S.C. 413 et seq.; relating to
25 congressional oversight of intelligence activities)."

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1 (b) CLASSIFICATION OF REPORTS.--That section is amended
2 in the parenthetical clause in the text preceding paragraph
3 (1) by inserting `` , and any information provided under
4 paragraph (10) of this subsection may also be provided in a
5 classified addendum'' after ``(b)(1) of this section''.

6 SEC. 8. SPECIAL AUTHORITIES.

7 The second sentence of section 614(c) of the Foreign
8 Assistance Act of 1961 (22 U.S.C. 2364(c)) is amended to read
9 as follows: ``The President shall fully inform the chairman
10 and ranking minority member of the Committee on Foreign
11 Affairs of the House of Representatives and the chairman and
12 ranking minority member of the Committee on Foreign Relations
13 of the Senate of each use of funds under this subsection
14 prior to the use of such funds.''.
15

15 SEC. 9. HOSTAGE ACT.

16 Section 2001 of the Revised Statutes of the United States
17 (22 U.S.C. 1732) is amended by inserting ``and not otherwise
18 prohibited by law'' after ``acts of war''.